National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated Financial Statements and
Independent Auditors' Report
For the year ended 31 December 2015

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INDEX

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Independent Auditors' Report to the Shareholders of National International Holding Company K.S.C.P.
State of Kuwait

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of National International Holding Company K.S.C.P. ("the Parent Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Parent Company Management's Responsibility for the Consolidated Financial Statements
The Parent Company management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters
The consolidated financial statements for the year ended 31 December 2014 were audited by another auditor jointly with Ernst & Young Al Aiban, Al Osaimi and Partners whose report dated 22 February 2015 expressed an unmodified opinion on those consolidated financial statements.

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion proper books of account have been kept by the Company and the financial statements, together with the contents of the report of the Board of Directors relating to these financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, the executive regulation of Law No. 25 of 2012 and by the Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and the executive regulation of Law No. 25 of 2012 or of the Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2015, that might have had a material effect on the business of the Group or on its consolidated financial position.

Bader A. Al-Wazzan
Licence No. 62 A
Deloitte & Touche
Al Wazzan & Co.

Waleed A. Al Osaimi
Licence No. 68 A
EY
Al-Aiban, Al-Osaimi & Partners

Kuwait, 10 February 2016

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated Statement of Financial Position as of 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Notes	2015	2014
ASSETS			
Cash and bank balances	3	1,656,322	1,769,338
Accounts receivable and other assets	4	411,807	25,893
Financial assets at fair value through profit or loss	5	236,372	300,994
Financial assets available for sale	6	29,676,234	33,244,913
Investment properties	7	2,758,415	3,022,163
Furniture and equipment		30,618	6,262
Total assets		34,769,768	38,369,563
LIABILITIES AND EQUITY			
Liabilities			
Bank overdraft	3	142,291	-
Accounts payable and other liabilities	8	407,342	1,971,957
Total liabilities		549,633	1,971,957
Equity			
Share capital	9	21,687,750	21,262,500
Share premium		2,813,184	2,813,184
Statutory reserve	10	295,409	263,441
Cumulative changes in fair values reserve		10,067,610	11,941,775
Treasury shares	11	(1,357,272)	(1,357,272)
Treasury shares reserve		318,561	318,561
Retained earnings		394,893	1,155,417
Total equity		34,220,135	36,397,606
Total liabilities and equity		34,769,768	38,369,563

The accompanying notes form an integral part of these consolidated financial statements

Abdul Wahab Mohamed Al-Wazzan
Chairman

Mamdouh Abdul Ghani El Sherbiny
Chief Executive Officer

National International Holding Company K.S.C.P.
And its subsidiaries
State of Kuwait

Consolidated Statement of Income for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Notes	2015	2014
Revenues			
Investment income	12	660,096	397,360
Gain on sale of investment properties		10,629	717,996
Change in fair value of investment properties	7	87,186	268,002
Gain on sale of an associate		-	3,422
Foreign exchange gain		2,523	17,449
Other income		62	51,264
		760,496	1,455,493
Expenses			
Other expenses	13	428,856	419,641
Finance costs		11,957	7,406
		440,813	427,047
Profit for the year before deductions		319,683	1,028,446
Contribution to KFAS		(2,877)	(9,256)
National Labour Support Tax		(1,588)	(24,706)
Zakat		-	(9,882)
Board of Directors' remuneration		-	(35,000)
Profit for the year		315,218	949,602
Basic and diluted earnings per share (fils)	14	1.50	4.52

The accompanying notes form an integral part of these consolidated financial statements

National International Holding Company K.S.C.P.
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Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	2015	2014
Profit for the year	315,218	949,602
Other comprehensive income:		
Items that may be reclassified subsequently to the consolidated statement of income		
Change in fair values	(1,600,918)	409,078
Reclassified to consolidated statement of income on sale	(788,855)	(113,783)
Reclassified to consolidated statement of income on impairment	515,608	32,982
Other comprehensive (loss)/income for the year	(1,874,165)	328,277
Total comprehensive (loss)/income for the year	(1,558,947)	1,277,879

The accompanying notes form an integral part of these consolidated financial statements

National International Holding Company K.S.C.P.
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Consolidated Statement of Changes in Equity for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Statutory reserve	Cumulative changes in fair values reserve	Treasury shares	Treasury shares reserve	Retained earnings	Total
As at 1 January 2015	21,262,500	2,813,184	263,441	11,941,775	(1,357,272)	318,561	1,155,417	36,397,606
Profit for the year	-	-	-	-	-	-	315,218	315,218
Other comprehensive loss for the year	-	-	-	(1,874,165)	-	-	-	(1,874,165)
Total comprehensive (loss) / income for the year	-	-	-	(1,874,165)	-	-	315,218	(1,558,947)
Cash dividend (Note 9)	-	-	-	-	-	-	(618,524)	(618,524)
Issuance of bonus shares (Note 9)	425,250	-	-	-	-	-	(425,250)	-
Transfer to statutory reserve	-	-	31,968	-	-	-	(31,968)	-
As at 31 December 2015	**21,687,750**	**2,813,184**	**295,409**	**10,067,610**	**(1,357,272)**	**318,561**	**394,893**	**34,220,135**
As at 1 January 2014	21,262,500	2,813,184	160,596	11,613,498	(1,357,272)	318,561	1,339,533	36,150,600
Profit for the year	-	-	-	-	-	-	949,602	949,602
Other comprehensive income for the year	-	-	-	328,277	-	-	-	328,277
Total comprehensive income for the year	-	-	-	328,277	-	-	949,602	1,277,879
Cash dividend	-	-	-	-	-	-	(1,030,873)	(1,030,873)
Transfer to statutory reserve	-	-	102,845	-	-	-	(102,845)	-
As at 31 December 2014	**21,262,500**	**2,813,184**	**263,441**	**11,941,775**	**(1,357,272)**	**318,561**	**1,155,417**	**36,397,606**

The accompanying notes form an integral part of these consolidated financial statements

National International Holding Company K.S.C.P.
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Consolidated Statement of Cash Flows for the year ended 31 December 2015

(All amounts are in Kuwaiti Dinars)

	Notes	2015	2014
Cash flow from operating activities			
Profit for the year		315,218	949,602
Adjustments:			
Investment income	12	(660,096)	(397,360)
Gain on sale of investment properties		(10,629)	(717,996)
Change in fair value of investment properties	7	20,335	(222,907)
Foreign currency translation of investment properties	7	(107,521)	(45,095)
Gain on sale of an associate		-	(3,422)
Depreciation		1,894	2,033
Provision for employees' end of service benefits		34,882	20,887
Interest income		-	(2,584)
Finance costs		11,957	7,406
Operating losses before charges in working capital		(393,960)	(409,436)
Accounts receivable and other assets		(385,914)	848,822
Financial assets at fair value through profit or loss		67,789	(62,290)
Accounts payable and other liabilities		(1,354,612)	(353,940)
Cash (used in) /generated from operating activities		(2,066,697)	23,156
End of service benefits paid		(244,885)	-
Net cash (used in) /generated from operating activities		(2,311,582)	23,156
Cash flow from investing activities			
Purchase of financial assets available for sale		(327,975)	(2,081,030)
Proceeds from sale of financial assets available for sale		2,253,490	1,073,848
Proceeds from sale of investment in an associate		-	116,625
Additions to investment properties	7	-	(669,256)
Proceeds from sale of investment properties		361,563	2,593,405
Additions to furniture and equipment		(26,250)	(7,340)
Dividend income received	12	425,928	368,974
Interest income received		-	2,584
Net cash generated from investing activities		2,686,756	1,397,810
Cash flow from financing activities			
Dividends paid	9	(618,524)	(947,966)
Finance costs paid		(11,957)	(7,406)
Net cash used in financing activities		(630,481)	(955,372)
(Decrease) / increase in cash and cash equivalents		(255,307)	465,594
Cash and cash equivalents at the beginning of the year		1,769,338	1,303,744
Cash and cash equivalents at the end of the year	3	1,514,031	1,769,338

The accompanying notes form an integral part of these consolidated financial statements

1 CORPORATE INFORMATION

The Parent Company is a Kuwaiti public shareholding Company registered and incorporated in Kuwait on 14 January 1979 whose shares are listed on the Kuwait Stock Exchange and is engaged in investing activities in both local and international markets as set forth in Article No. 5 of the Parent Company's Articles of Association. The Parent Company is regulated by the Capital Market Authority ("CMA").

The registered office of the Parent Company is located at Chamber of Commerce and Industry Building, 4th Floor, Al Shuhada Street, P.O. Box 25825 Safat Kuwait.

The consolidated financial statements includes the financial statements of the Parent Company and its subsidiaries, together referred to as "the Group" as follows:

Company Name	Country of incorporation	Principal activity	Equity interest (%)
Al Oula National Real Estate Company sole proprietorship*	Kuwait	Real estate activities	100
Al Ghad Project Management Company sole proprietorship*	Kuwait	Real estate projects management	100

*On 13 May 2015, some partners transferred their equity interests (3%) in favor of the Parent Company. The subsidiaries legal form has been changed from limited liability to be sole proprietorship. This has been reflected in the Articles of Association of these subsidiaries. This has no impact on the consolidated financial statements as the Parent Company historically consolidated fully these subsidiaries, as they are 100% beneficiary owners of these companies.

The consolidated financial statements of National International Holding Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the year ended 31 December 2015 were authorized for issue in accordance with a resolution of the Parent Company's Board of Directors on 10 February 2016. The General Assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after their issuance.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 cancelled the Companies Law No 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012, the executive regulation of Law No. 25 of 2012 will continue until a new set of executive regulation is issued.

The Annual General Assembly of the Parent Company's shareholders for the year ended 31 December 2014 was held on 26 May 2015 and approved the consolidated financial statements of the Group for the year ended 31 December 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets at fair value through profit or loss, financial assets available for sale and investment properties.

The consolidated financial statements have been presented in Kuwaiti Dinars (KD), which is also the functional and presentation currency of the Parent Company's.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatory effective for the current year

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments should applied retrospectively.
This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

Annual improvements 2011-2013 Cycle

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 27: Equity Method in Separate Financial Statements

The Group has applied the amendments to IFRSs included in the annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle for the first time in the current year. The application of these amendments has had no impact on the disclosers or amounts recognized in the group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The group is in the process of assessment the impact of IFRS 9 on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The group is in the process of assessment the impact of IFRS 15 on its consolidated financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations.*

The amendments should be applied prospectively to acquisitions of interests in joint operations occurring from the beginning of annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisations

The Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.

The Amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group use the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. These amendments are not expected to have any impact on the Group

Annual Improvements 2012-2014 Cycle

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises assets (including goodwill), liabilities, non-controlling interests, and other components of equity while any resultant gain or loss is recognized in the consolidated statement of income.

Consideration received and any investment retained are recognized in the consolidated statement of financial position at fair value. It also reclassifies any share of components previously recognised in OCI to the consolidated statement of comprehensive income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments – initial recognition, subsequent measurement and derecognition

(i) Financial assets

Initial recognition and measurement

Financial assets within scope of IAS 39 are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity, financial assets available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets on initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets witfhin a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, receivables, financial assets at fair value through profit or loss, receivables and financial assets available for sale.

At the reporting date, the Group did not have any financial assets held-to-maturity or as derivatives designated as hedging instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks and time deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and at banks, net of outstanding bank overdraft.

Receivables
Receivables are shown at the balance due, net of allowance for impairment. An estimate for doubtful debts is made, when collection of full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognised in the consolidated statement of income. Financial assets are designated at fair value through profit or loss if they are managed, and their performance is evaluated on reliable fair value basis in accordance with a documented investment strategy. After initial recognition financial assets at fair value through profit or loss are remeasured at fair value with all changes in fair value recognised in the consolidated statement of income.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, financial assets available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Financial assets available for sale

Financial assets available for sale include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of income, or determined to be impaired, at which time the cumulative loss is recognised in the consolidated statement of income and removed from the cumulative changes in fair values reserve. Financial assets whose fair value cannot be reliably measured are stated as cost less impairment losses, if any.

The Group evaluates whether the ability and intention to sell its available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets.

Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR.

Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive the cash flows from the asset have expired; or
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement, , it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognised in the consolidated statement of income.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.
If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

If a future write off is later recovered, the recovery is credited to the consolidated statement of income.

Financial assets available for sale

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as financial assets available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as financial assets available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified, at initial recognition, as financial liabilities at fair value through profit or loss. loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in case of loans and borrowings, net of directly attributable transactions costs.

The Group's financial liabilities comprise bank overdraft, accounts payable and other liabilities and term loan.

At the reporting date, the Group did not have any financial liabilities at fair value through profit or loss or as derivatives designated as hedging instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the consolidated statement of income.

Accounts payable
Liabilities are recognised for amounts to be paid in the future for subcontracting work and goods or services received, whether or not billed to the Group.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

(iv) **Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An analysis of fair value measurement of financial instruments and further details as to how they are measured are provided in Note 18.

Investment properties

Generally, investment properties comprise properties under development and developed properties that are held to earn rentals or for capital appreciation or both. Properties held under a lease are classified as investment properties when they are held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include professional fees for legal services, commissions and other costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the investment property would result in either gains or losses on the retirement or disposal of the investment property. Any gains or losses are recognised in the consolidated statement of income in the period of derecognition.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the applicable asset which is 5 years.

Expenditure incurred to replace a component of an item of furniture and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of furniture and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

An item of furniture and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs.

Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount by recognizing impairment loss in the consolidated statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

Treasury shares

The Parent Company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividend are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation amount can be made.

Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to Kuwaiti Dinars at rates of exchange prevailing at the reporting date. Exchange differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Contingencies

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and rebates, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognised:

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Interest income

Interest income is recognised as interest accrues using the effective interest rate (EIR) method.

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Parent Company calculates the contribution to KFAS at 1% of profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that income from associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolution No. 24 of 2006 at 2.5% of taxable profit for the year. Cash dividend from listed companies which are subjected to NLST are deducted from the profit for the year to determine the taxable profit.

Zakat

Zakat is calculated at 1% of the profit for the year in accordance with the requirements of the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

Judgments

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as "at fair value through profit or loss" or "financial assets available for sale".

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they have readily available reliable fair values and the changes in fair values are reported as part of in the management accounts, they are classified as fair value through profit or loss.

All other financial assets are classified as financial assets available for sale.

Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading, property held for development or investment property.
The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of receivables

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

Impairment of financial assets available for sale

The Group treats financial assets available for sale as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Valuation of investment properties

Fair value of investment properties is determined based on valuations by independent registered real estate assessors which have relevant experience in the local and international property market.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined (Note 6). As a result, these investments are carried at cost less impairment.

Useful lives of furniture and equipment

The Group's management determines the estimated useful lives of its furniture and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

3 CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand	6,234	6,696
Bank balances	1,650,088	1,762,642
Total cash and cash balances	1,656,322	1,769,338
Bank overdraft	(142,291)	-
Total cash and cash equivalents	1,514,031	1,769,338

Bank overdraft is payable to financial institutions in Kuwait and is denominated in Kuwaiti Dinars. Bank overdraft carries interest at an average rate of 3% (2014: 3%) per annum over the Central Bank of Kuwait discount rate.

4 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2015	2014
Receivable from sale of financial assets available for sale	390,802	-
Other receivables	21,005	25,893
	411,807	25,893

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are represented in local quoted equity securities held for trading. These investments are valued in accordance to the basis described in Note 18.

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	2015	2014
Local quoted equity securities	1,538,998	1,874,581
Local and foreign unquoted equity securities	27,735,553	30,937,257
Foreign managed funds	401,683	433,075
	29,676,234	33,244,913

An impairment loss of KD 515,608 (31 December 2014: KD 32,982) has been recorded against equity securities on which there has been a significant or prolonged decline in value.

As at 31 December 2015, local and foreign unquoted equity securities amounting KD 8,136,345 (31 December 2014: KD 8,125,550) are carried at cost less impairment as these do not have a quoted market price and whose fair value cannot be reliably measured. The management believes that there is no indication of impairment in these investments.

Financial assets available for sale include local quoted securities with fair value of KD 377,903 as of 31 December 2015 (31 December 2014: KD 450,308) pledged with one of the local banks as collateral against credit facilities which have been granted by the bank.

As at 31 December 2015, financial assets available for sale amounting to KD Nil (31 December 2014: KD 1,496,163) are managed by a related party (Note 15).

Fair value hierarchy disclosures for financial assets available for sale are provided in Note 18.

7 INVESTMENT PROPERTIES

	2015	2014
At 1 January	3,022,163	3,073,850
Additions	-	1,555,720
Disposal	(350,934)	(1,875,409)
Foreign currency translation adjustment	107,521	45,095
Change in fair values	(20,335)	222,907
At 31 December	2,758,415	3,022,163

Investment properties are categorized as follows:

	2015	2014
Land	1,719,543	1,562,090
Developed property	1,038,872	1,460,073
	2,758,415	3,022,163

As at 31 December 2015, the fair value of investment properties has been determined based on valuations obtained from two independent professional real estate valuers in UAE, who are an industry specialized in valuing such type of investment properties. Both valuers have valued the investment properties using the market approach.

Market approach is based on a comparison of active market prices for similar properties and recent arm's length market transactions, adjusted for difference in the nature, location or condition of the specific property.

For valuation purpose, the Group has selected the lower fair value of these two valuations. As a result, the Group has recorded a change in fair value amounting to KD 20,335 loss (2014: KD 222,907 gain) in the consolidated statement of income.

Investment properties are classified in level 2 under fair value hierarchy.

8 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2015	2014
Payables to contractors	1,290	1,290
Payables on purchase of investment properties	-	886,463
Accrued expenses	26,959	299,245
Dividends payables	211,086	220,177
Employees' end of service benefits	40,355	250,358
Other liabilities	127,652	314,424
	407,342	1,971,957

9 SHARE CAPITAL AND DIVIDENDS

	2015	2014
216,877,500 shares (2014: 212,625,000) of 100 files each, authorised, issued and fully paid up in cash	21,687,750	21,262,500

On 10 February 2016, the Board of Directors of the Parent Company proposed no dividends for the year ended 31 December 2015 (2014: 5% amounting to KD 1,043,774).

In addition proposed Board of Directors' remuneration amounting to Nil for the year ended 31 December 2015 (2014: KD 35,000). Board of Directors' remuneration for the year ended 31 December 2014 exceeds the amount permissible under local regulations.

On 26 May 2015, the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders approved the distribution of the dividends and Board of Directors' remuneration for the year ended 31 December 2014.

10 RESERVES

Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration has been transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

General reserve
As required by the Parent Company's Articles of Association, 10% of the profit for the year before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is required to be transferred to general reserve based on recommendation of the Board of Directors and subject to the approval of the General Assembly of the Parent Company's shareholders. Such annual transfer may be increased or discontinued by a resolution of the General Assembly of the Parent Company's shareholders upon recommendation from the Parent Company's Board of Directors.

For the years ended 31 December 2015 and 31 December 2014, no transfer was made to general reserve based on the recommendation by the Parent Company's Board of Directors. This proposal is subject to the approval of the Annual Ordinary General Assembly Meeting of the Parent Company's shareholders.

11 TREASURY SHARES

	2015	2014
Number of shares	6,579,357	6,450,350
Percentage of issued shares	3%	3%
Market value (KD)	388,182	354,769

The Parent Company is committed to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the instructions of the relevant regulatory authorities. These shares are not pledged.

12 INVESTMENT INCOME

	2015	2014
Financial assets at fair value through profit or loss		
Realised gain	52,745	38,916
Change in fair value	(49,578)	(91,331)
	3,167	(52,415)
Financial assets available for sale		
Realised gain on sale	746,609	113,783
Impairment losses	(515,608)	(32,982)
	231,001	80,801
Dividends income	425,928	368,974
	660,096	397,360

13 OTHER EXPENSES

	2015	2014
Staff cost	274,751	225,756
Others	154,105	193,885
	428,856	419,641

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 December, the Parent Company had no outstanding dilutive potential shares.

The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the year is as follows:

	2015	2014
Profit for the year (KD)	315,218	949,602
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares)	210,298,143	210,298,143
Basic and diluted earnings per share (fils)	1.50	4.52

Earnings per share for the comparative period have been restated in order to reflect the issuance of bonus shares (Note 9).

15 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. The Parent Company's management approves pricing policies and terms of these transactions.

Balances and transactions with related parties included in the consolidated financial statements are as follows:

	2015	2014
Balances:		
Financial assets available for sale (Note 6)	-	1,496,163
Transactions: *(Key Management Compensation)*		
Salaries and short-term benefits	97,461	96,000
Employees' end of service benefits	13,210	7,600
Executive committee remuneration	-	15,000
	110,671	118,600

16 SEGMENTAL INFORMATION

The Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements; and
- Real estate investing activities comprise investing and trading in real estate and construction or development of real estate for the purpose of sale in the ordinary course of business and other related real estate services.

	Equities and other investing activities		*Real estate investing activities*		*Unallocated*		*Total*	
Year ended 31 December	2015	2014	2015	2014	2015	2014	2015	2014
Investment income	660,096	397,360	-	-	-	-	660,096	397,360
Gain on sale of investment properties	-	-	10,629	717,996	-		10,629	717,996
Change in fair value of investment properties	-	-	87,186	268,002	-		87,186	268,002
Gain on sale of investment in an associate	-	3,422	-	-	-		-	3,422
Foreign exchange gain	-	-	-	-	2,523	17,449	2,523	17,449
Other income	-	-	-	-	62	51,264	62	51,264
Total segment income	660,096	400,782	97,815	985,998	2,585	68,713	760,496	1,455,493
Other expenses	-	-	(24,949)	(74,141)	(403,907)	(345,500)	(428,856)	(419,641)
Finance costs	-	-	(11,957)	(7,406)	-	-	(11,957)	(7,406)
KFAS, NLST, Zakat and Board of Directors' remuneration	-	-	-	-	(4,465)	(78,844)	(4,465)	(78,844)
Segment results	660,096	400,782	60,909	904,451	(405,787)	(355,631)	315,218	949,602
As at 31 December								
Segment assets	29,912,606	33,545,907	2,758,415	3,022,163	2,098,747	1,801,493	34,769,768	38,369,563
Segment liabilities	-	-	1,290	887,753	548,343	1,084,204	549,633	1,971,957

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into interest rate risk, foreign currency risk and equity price risk. It is also subject to operating risks. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process. The Board of Directors are ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

17.1 *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Management of the Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The maximum credit risk is limited to the carrying values of financial assets appearing on the consolidated statement of financial position as follows:

	2015	**2014**
Banks balances	1,650,088	1,762,642
Accounts receivable and other assets	411,807	25,893

17.2 *Liquidity risk*

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents, and readily marketable securities.

The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments over the life of these financial liabilities. The table below summarizes the maturity profile of the Group's financial liabilities as at 31 December based on contractual undiscounted repayment obligations.

	Less than 3 months	*3 to 12 months*	*Over 1 year*	*Total*
2015				
Bank overdraft	142,291	-	-	142,291
Accounts payable and other liabilities	-	366,987	40,355	407,342
Total liabilities	142,291	366,987	40,355	549,633
2014				
Accounts payable and other liabilities	1,501,422	220,177	250,358	1,971,957
Total liabilities	1,501,422	220,177	250,358	1,971,957

17.3 *Market risk*

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

17.3.1 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its bank overdrafts.

As at 31 December 2015, if the interest rate on bank facilities increase by 0.5% basis points, with all other variables held constant, the profit for the year would have been decreased by KD 711 (31 December 2014: Nil).

17.3.2 *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages its foreign currency risk by continuous assessment of the Group's open positions and current and expected exchange rate movements.

The Group is exposed to currency risk on purchases and sales of securities that are denominated in a currency other than the Kuwaiti Dinars mainly in US dollars. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinars.

The table below indicates the effect of a reasonably possible movement of the currency rate against the Kuwaiti Dinars on profit for the year and other comprehensive income, with all other variables held constant:

	Increase/decrease in foreign currency rate	*Effect on profit for the year*	*Effect on other comprehensive income*
2015			
US Dollars	+/- 5%	3,541	107,507
Euro	+/- 5%	3,280	499,969
2014			
US Dollars	+/- 5%	-	35,456
Euro	+/- 5%	10,195	627,682

17.3.3 *Equity price risk*

Equity price risk arises from the change in fair values of equity investments. The Group manages this risk through diversification of investments in terms of industry concentration.

The following table demonstrates the sensitivity of the quoted investments' values to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

The effect on Group's results (as a result of a change in the fair value of financial assets at fair value through profit or loss at 31 December) and other comprehensive income (as a result of a change in the fair value of financial assets available for sale at 31 December) due to a reasonably possible change in market indices, with all other variables held constant is as follows:

	2015			***2014***		
Market indices	*Change in equity price*	*Effect on profit for the year KD*	*Effect on other comprehensive loss KD*	*Change in equity price*	*Effect on profit for the year KD*	*Effect on other comprehensive income KD*
Kuwait	+/- 5%	11,819	76,950	+/- 5%	15,050	93,729
Others	+/- 5%	-	229	+/- 5%	-	9,943

In respect of unquoted financial assets available for sale that are carried at cost (Note 6) , the impact of changes in equity prices cannot be reliably determined due to unavailability of reliable fair value of these investments.

17.4 *Prepayment risk*

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not exposed to significant prepayment risk.

17.5 *Operational risk*

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

17.6 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. The Parent Company's current strategy is to rely on the self-finance for the Group's activities instead of depending on debts, and to maintain the external finance at minimum.

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical financial instruments.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets are determined:

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/15	31/12/14				
Fair value through P & L						
Local quoted equity securities	236,372	300,994	1	Bid prices	-	-
Available for sale investments						
Local quoted equity securities	1,538,998	1,874,581	1	Bid price	-	-
Foreign managed funds	401,683	433,075	2	NAV report	-	-
Local and foreign unquoted equity securities	19,599,208	22,811,707	3	Peer market price to book value of similar companies in the same industry	Peer market price to book value factor and discount for lack of market availability.	Changes in market multiple and discount rate will result change in fair values

During the years ended 31 December 2015 and 2014 there were no transfers between Level 1 and Level 2 fair value measurements and no transfers out of level 3 fair value measurements.

Fair value of local and foreign unquoted equity securities carried at fair value has been determined using the market price to book value model (MPBV). The valuation requires management to make certain assumptions about the model inputs, including, the discount rate and credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Discount for lack of marketability has been assumed by the Parent Company's management which represents the discount that market participants would take into account when pricing similar financial instruments.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value at 31 December:

	At the beginning of the year	*Net gains recorded in the consolidated statement of income*	*Net losses recorded in the consolidated statement of comprehensive income*	*Net purchases, transfers, sales and settlements*	*At the end of the year*
Financial assets available for sale:					
Local and foreign unquoted equity securities					
2015	22,811,707	743,148	(2,075,301)	(1,880,346)	19,599,208
2014	12,412,214	-	(300,568)	10,700,061	22,811,707

The fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying values as on the date of the consolidated financial statements.